

SENATE BILL NO. 457

INTRODUCED BY GEBHARDT

A BILL FOR AN ACT ENTITLED: "AN ACT REVISING THE TIME PERIOD FOR AN INSURER TO GIVE NOTICE OF PREMIUM DUE; CLARIFYING NOTICE REQUIREMENTS FOR CANCELLATION OF INSURANCE POLICIES ON HOMES FOR NONPAYMENT; AND AMENDING SECTIONS 33-15-1103, 33-15-1105, AND 33-23-401, MCA."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

SECTION 1. SECTION 33-15-1103, MCA, IS AMENDED TO READ:

"33-15-1103. Midterm cancellation. (1) An insurer may not cancel an insurance policy before either the expiration of the agreed term or 1 year from the effective date of the policy or renewal date, whichever is less, except:

- (a) for reasons specifically allowed by statute;
- (b) for failure to pay a premium when due; or
- (c) on grounds stated in the policy which pertain to the following:
 - (i) material misrepresentation;
 - (ii) substantial change in the risk assumed, except to the extent that the insurer should reasonably have foreseen the change or contemplated the risk when the contract was written;
 - (iii) substantial breaches of contractual duties, conditions, or warranties;
 - (iv) determination by the commissioner that continuation of the policy would place the insurer in violation of this code;
 - (v) financial impairment of the insurer; or
 - (vi) any other reason approved by the commissioner.

(2) ~~Cancellation~~ Except as provided in 33-23-401, cancellation under subsection (1) is not effective until 10 days after a notice of cancellation is either delivered or mailed to the insured.

(3) Subsections (1) and (2) do not apply to a newly issued insurance policy if the policy has been in effect less than 60 days at the time the notice of cancellation is mailed or delivered. ~~No A~~ cancellation under this subsection is not effective until 10 days after the notice is delivered or mailed to the insured.

(4) If a policy has been issued for a term longer than 1 year and if either the premium is prepaid or an agreed term is guaranteed for additional premium consideration, the insurer may not cancel the policy except:

(a) for reasons specifically allowed by statute;

(b) for failure to pay a premium when due; or

(c) on grounds stated in the policy which pertain to those grounds listed in subsection (1)(c)."

Section 2. Section 33-15-1105, MCA, is amended to read:

"33-15-1105. Nonrenewal -- renewal premium. (1) (a) An insured has a right to reasonable notice of nonrenewal. Unless otherwise provided by statute or unless a longer term is provided in the policy, at least 45 days prior to the expiration date provided in the policy, an insurer who does not intend to renew a policy beyond the agreed expiration date shall mail or deliver to the insured a notice of the intention not to renew. The insurer shall also mail or deliver a copy to the insured's insurance producer.

(b) Notification ~~or~~ of nonrenewal to the insured's insurance producer via electronic transfer of data or by electronic data retrieval device meets the requirement of a mailed or delivered copy.

(2) An insurer shall give notice of premium due not more than 60 days or less than ~~40~~ 30 days before the due date of a renewal premium. The notice must clearly state the effect of nonpayment of the premium on or before the due date.

(3) Subsections (1) and (2) do not apply if:

(a) the insured has obtained insurance elsewhere, has accepted replacement coverage, or has requested or agreed to nonrenewal; or

(b) the policy is expressly designated as nonrenewable.

(4) An insurer may not refuse to renew a property and casualty insurance policy on the basis of a single loss occurring during the policy period unless the insurer has previously disclosed in writing to the insured, at the time that the insured applied for the insurance or prior to the insured's renewal, that a single loss is among the insurer's criteria for nonrenewal."

Section 3. Section 33-23-401, MCA, is amended to read:

"33-23-401. Written notice required for cancellation or nonrenewal of insurance policies on homes -- penalty. (1) An insurer may not cancel or refuse to renew any policy insuring private residences, including but not limited to fire, homeowner, theft, or liability insurance on any home occupied by the insured as

1 a domicile, without first giving to the insured 45 days' notice in writing, including in the notice a statement of the
2 specific reason or reasons for canceling or not renewing the policy, except that a policy may be canceled for
3 nonpayment of premiums, as provided in 33-15-1103, in which case, the notice to the insured may not be less
4 than 20 days.

5 (2) Violation of this section is punishable under 33-1-104."

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